



Date: January 30, 2008
To: Audit and Finance Committee
From: Gary Ray, City Auditor *GR*
Subject: Human Resources Department – Employee Recruitment Advertising Costs, Audit Follow-up

In 2006, we issued our final audit report on Employee Recruitment Advertising Costs for the period of January 1998 through December 2005. In accordance with our practice of conducting follow-up reviews 8-12 months after issuing an audit report, we are enclosing our report for the follow-up review recently conducted. We are also attaching the Human Resources Department's response to our audit follow-up report.

The recommendations made by our Office have been implemented. We would like to thank the Human Resources personnel for their cooperation and professionalism during our follow-up review.

If you have any questions, please call me at 3210, or Jerry Faccone at 2403.

c: Debbi Dollar, Assistant City Manager
Patricia Sorensen, Executive Manager
Gary Manning, Human Resources Director
Teri Overbey Brown, Human Resources Administrator



Date: November 30, 2007

To: Audit and Finance Committee
Debbi Dollar, Assistant City Manager
Patricia Sorensen, Executive Manager
Gary Manning, Human Resources Director
Teri Overbey Brown, Human Resources Administrator

From: Gary Ray, City Auditor

Subject: **Human Resources Department - Employee Recruitment Advertising Costs, Audit Follow-up**

On November 14, 2006 we issued our Final Audit Report with two Corrective Action Plans for the audit of Employee Recruitment Advertising Costs for the period of January 1998 through December 2005. The Corrective Action Plans listed the findings and recommendations resulting from our examination. In accordance with our practice of conducting follow-up reviews 8-12 months after issuing an audit report, we recently performed a brief review to determine if our recommendations have been implemented and whether new procedures are being followed. The following are our comments on the Corrective Action Plans:

Corrective Action Plan #1 – Cost Effectiveness of Advertising Dollars

This Corrective Action Plan addressed advertising dollars not being used in the most cost effective manner. Between January 2001 and May 2006, only 8% of new hires learned of job openings through newspaper advertising, while its cost accounted for 85.9% of total advertising expenditures. Conversely, Internet advertising accounted for 29.3% of new hires at a cost of 7.9% of total advertising expenditures.

During the audit period, the trend for many organizations was toward the use of the Internet as the primary means of job recruitment advertising with declining use of newspaper advertising. This is due to the much lower cost of Internet advertising combined with the growing dependence on the use of the Internet in society.

We agreed with Human Resources that the City should maintain newspaper advertising due to outreach commitment goals as specified in the City's Affirmative Action Plan. The City needs to ensure that advertisements reach a diverse group of applicants within the labor pool, including job seekers who do not readily have Internet access. We recommended, however, that newspaper advertising be reduced because it continued to be expensive while becoming less effective. The City's job recruitment newspaper ads included a large amount of detail for each opening. To reduce costs, we recommended that newspaper ads merely list the job openings along with salary ranges, and include references to the City's website and the Personnel Office.

Human Resources implemented our recommendation in the past year. Newspaper ads have been condensed and costs have been currently reduced by more than 50%.

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Corrective Action Plan #2 – Color Newspaper Advertising

This Corrective Action Plan addressed a job marketing campaign using color newspaper advertising that increased job recruitment costs but had no effect on hiring rates. This method of advertising was common in the City during the years 2000 and 2001 but was utilized much less thereafter. During the audit, procedures revealed that Human Resources had not purchased color newspaper advertising since January 2005 and department personnel stated it was no longer being utilized.


We recommended a formal policy ending color newspaper advertising due to its higher cost than black & white advertising and its lack of effectiveness in increasing hiring rates. Human Resources agreed with our recommendation and edited the Human Resources Recruitment Guide with a statement that the City does not utilize color newspaper advertising.


Conclusion

Human Resources has implemented the recommendations of our audit of Employee Recruitment Advertising Costs. We commend department personnel for their actions that have both reduced job recruitment costs and increased the effectiveness of advertising dollars.

Memo

To: Christopher Brady, City Manager ^{69B}
Gary Ray, City Auditor

Thru: Gary Manning, Human Resources Director 
Trish Sorensen, Executive Manager
Debbie Dollar, Assistant City Manager

From: Stacie Peyton, HR Specialist II 

CC: Teri Overbey-Brown, Human Resources Administrator
Lori Rogers, HRIS Analyst

Date: 12/24/07

Re: Audit of Advertising Costs Follow-Up

The Human Resources Department is pleased to know we are in compliance with the audit guidelines and requirements issued during the last audit of our recruiting and advertising costs. We have made a concerted effort to be mindful of our scarce advertising dollars and have made changes to our processes that ensure a more efficient use of these resources. Below is a summary of our efforts as well as the savings, which have occurred.

Corrective Action Plan Recommendation #1 – Cost Effectiveness of Advertising Dollars

In maintaining the City's diversity outreach recruitment goals, Human Resources has continued to use the newspaper as a primary means of advertising; however, as a result of the 2006 Internal Audit recommendations, changes were made to the display advertising effective November 19, 2006. These changes included replacing detailed position descriptions and minimum qualifications with a list of position titles, salary ranges, references to the City website, job hotline information, and the address of the Human Resources office location. In utilizing this method, the City realized a savings very early into 2007. Below are two examples of savings incurred by the City of Mesa after the adoption of the new group display format:

Example 1: On October 22, 2006, the city placed a group display ad containing detailed descriptions of ten (10) positions. The cost for this ad was \$8,270.41. On March 18, 2007, the City submitted a similar group display ad that also listed ten (10) positions; however, using the new format listing only the title, salary, and open/close information the ad cost was \$2,996.40. **This was a savings of \$5,274.00.**

Example 2: On November 12, 2006 the City placed a group display ad containing detailed descriptions of seven (7) positions; this ad cost the City \$4994.00. On September 2, 2007, a similar group display ad listing seven (7) positions ran using the new format and cost \$2222.40. Using the new format the City realized a savings of \$2771.60, which represents a **50% reduction in cost.**

Corrective Action Plan Recommendation #2 – Color Newspaper Advertising

As stated in the Audit Report, the use of color advertising has no impact on hiring rates and increases the cost of advertising. Color advertising has not been utilized since 2005. Per your recommendation, a statement in the recruitment guide has been included. The current statement reads, "Due to substantial increased recruitment costs with no effect on hiring rates, the City does not utilize color newspaper advertising." The Recruitment Guide is a resource on the intranet available for all supervisors.

Human Resources appreciates our partnership with the City Auditor's Office. We look forward to working with you in the future.